

Message Text

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ORIGIN EUR-12

INFO OCT-01 ISO-00 EB-07 CIAE-00 DODE-00 PM-03 H-01 INR-07

L-02 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

CAB-02 COME-00 DOTE-00 FAA-00 OMB-01 TRSE-00 SAJ-01

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DRAFTED BY EUR/SOV:MKOVNER:LM

APPROVED BY EUR - J. A. ARMITAGE

C - MR. SHINN

S/S - MR. MOFFAT

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P 061432Z MAR 75

FM SECSTATE WASHDC

TO AMEMBASSY MOSCOW PRIORITY

C O N F I D E N T I A L STATE 050088

E.O. 11652:GDS

TAGS: ESTC, ETRD, PFOR, US, UR, SW

SUBJECT: SALE OF US AIR TRAFFIC CONTROL SYSTEM TO USSR

REF: MOSCOW 2779

1. ON MARCH 5, DEPUTY ASSISTANT SECRETARY ARMITAGE CALLED IN SOVIET TRADE REP MKRTUMOV TO DISCUSS ATC CASE. IN ADDITION TO DRAWING ON RELEVANT POINTS CONTAINED REF, ARMITAGE SAID THAT US HAS BEEN PROCEEDING ON ASSUMPTION THAT BOTH SIDES WISHED TO DO EVERYTHING POSSIBLE TO CONTINUE AND EXPAND MUTUALLY BENEFICIAL ECONOMIC RELATIONSHIP. REPORTS THAT SOVIET AUTHORITIES ARE CONSIDERING PROCUREMENT OF ATC SYSTEM FROM NON-US SOURCE, AGAINST BACKDROP OF LENGTHY SPERRY-UNIVAC NEGOTIATIONS WITH SOVIETS, COMMON APPRECIATION THAT SYSTEM TECHNICALLY SUPERIOR TO THAT OF COMPETITORS, AND BELIEF THAT FINAL AGREEMENT WAS NEAR, COULD LEAVE US FIRMS INVOLVED WITH IMPRESSION THAT NEGATIVE SOVIET DECISION HAD BEEN TAKEN
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ON POLITICAL GROUNDS. USG MUST REMAIN IN POSITION TO

ASSURE US FIRMS THAT IF THEY UNDERTOOK EXPENSE AND EFFORT TO DEVELOP DEAL WITH USSR, TRANSACTION WOULD BE WEIGHED AND DECIDED SOLELY ON TECHNICAL AND ECONOMIC MERITS. ARMITAGE ADDED THAT STRONG USG CONCERN IN ATC CASE STEMMED NOT ONLY FROM INTEREST IN PRESERVING US BUSINESS CONFIDENCE IN DEALINGS WITH USSR -- AND ATC TRANSACTION WAS WELL KNOWN TO US BUSINESS COMMUNITY -- BUT ALSO FROM USG

INVOLVMENT IN SECURING APPROPRIATE EXPORT CONROL

APPROVALS, FAA FUNDING OF MUCH OF DEVELOPMENT COST FOR SPERRY SYSTEM, AND FAA READINESS TO PROVIDE SOFTWARE AND TECHNICAL GUIDANCE FOR US MANUFACTURED ATC SYSTEM UNDER US-USSR AGREEMENT ON TRANSPORTATION. ARMITAGE REQUESTED MKRTUMOV TO RELAY THE IMPORT OF HIS REMARKS TO CHARGE VORONTSOV.

2. IN REPLY, MKRTUMOV SAID THAT HE WAS UNAWARE OF WHAT DECISION MIGHT HAVE BEEN TAKEN IN MOSCOW ON ATC CASE BUT WOULD REPORT HIS CONVERSATION WITH ARMITAGE TO THE SOVIET AUTHORITIES. HE THEN INQUIRED ABOUT THE STATUS OF EXPORT APPROVALS FOR THE COMPUTERS FOR KAMA AND FOR THE AEROFLOT RESERVATION SYSTEM. (FYI: CABINET LEVEL CONSIDERATION OF FINAL DISPOSITION OF BOTH KAMA AND AEROFLOT COMPUTER CASES SCHEDULED FOR MARCH 7. END FYI.). INGERSOLL

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SALES, EQUIPMENT, STRATEGIC TRADE CONTROLS, AIR TRAFFIC CONTROL
Control Number: n/a
Copy: SINGLE
Draft Date: 06 MAR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: greeneet
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE050088
Document Source: CORE
Document Unique ID: 00
Drafter: MKOVNER:LM
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750078-1058
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750376/aaaacqaw.tel
Line Count: 87
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 75 MOSCOW 2779
Review Action: RELEASED, APPROVED
Review Authority: greeneet
Review Comment: n/a
Review Content Flags:
Review Date: 12 JUN 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <12 JUN 2003 by izenbei0>; APPROVED <21 OCT 2003 by greeneet>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SALE OF US AIR TRAFFIC CONTROL SYSTEM TO USSR
TAGS: ESTC, ETRD, PFOR, US, UR, SW, SPERRY-UNIVAC
To: MOSCOW
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006